

## State of the City

Honorable members of the City Council, our distinguished Interim City Manager, City Attorney and City Clerk, all our city staff, distinguished guests and citizens of Chula Vista – welcome and good evening.

I am deeply honored to talk to you tonight about our civic activities and major accomplishments over the past year. We've overcome challenges and achieved many great successes. This is a time in our civic journey when patience and hard work are bearing fruit. Looking back on the past year, we can celebrate not only the completion of major plans and planning efforts which will guide our city for decades to come, but the addition of new facilities, infrastructure and amenities which will serve our citizens and improve the quality of life in our community. This has been and will continue to be a year not just of talking and planning, but a year of action and results.

Our accomplishments this year prove we are truly a city on the move. Tonight for yet another year, I can report to you our budgets are balanced, and our budget reserve meets the City Council policy of a minimum 8% of our operating budget. We contribute to and maintain a solvent retirement system and are able to meet our obligations on behalf of our hard working employees and help secure their future. We continue to invest heavily to meet your needs, completing traffic and street improvements, dedicating new parks and open space, and adding public safety personnel so they are there when you need them.

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Like any city, we may face challenges. We should take stock of them tonight as well, never resting on our laurels, and set new goals for ourselves, resolving to meet the challenges of the future and any obstacles which must be overcome.

Nonetheless, while other cities are in financial crisis and are laying off employees and cutting programs, we continue to add and improve services to our citizens.

I've stood before you on two other occasions to talk about what was going to happen to Chula Vista in the future. Tonight I'm here to tell you that the future is now. Last year I spoke of improvements undertaken, today they are in place. Completed civic improvements focused on congestion relief, repairing streets, adding parks, services and public amenities, represent a \$69 million dollar commitment now serving Chula Vistans.

We see today real results brought about by good planning and community collaboration. Several major projects we will discuss have made the jump from a mere vision to reality.

It hasn't been an easy road to this point, but it has been productive. How you arrive at results is many times as important than the results themselves.

Whether planning or projects, these successes have come about because we took the time to better our process at each opportunity. We brought our community into the decision making process by opening up City Hall with public workshops,

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and citizens' advisory committees. Working together as a cohesive community, we've developed a clear path to a bright future.

I want to take the opportunity to thank some special people on the platform tonight. Please give a warm round of applause to Blyss, Grant and Johnny McCann, Jacob, Madelin and Paul Chavez, and of course my daughter Ashleigh Padilla for their great job in leading us in the Pledge of Allegiance.

Let's also take a moment to thank Patriece McPeak for performing our National Anthem.

Everywhere I go throughout our region, colleagues, officials and citizens approach me from many other cities that always express a pleasant surprise at the many accomplishments and exciting opportunities we are embracing. I cannot tell you how many times I hear the surprised refrain "Wow, you guys are really doing some great things." We Chula Vistans embrace both our successes and challenges with optimism and excitement perhaps because we have always had to fight just a little bit harder for a little respect. We are known for aggressively pursuing our dreams perhaps because we have always been a little underestimated.

I like to tell the a story some staff have relayed from time to time about a regional marketing executive from a very well known coffee company, a company now as much a piece of Americana as hot dogs and apple pie, who was examining

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prospects in our area of the region. He expressed great doubt as to whether people in our neck of the woods would really spend money on sophisticated coffee beverages. I don't think, the legend attributes him saying; "You people do lattes."

Imagine their surprise when opening their first store at the corner of a west side busy intersection, to learn after some months, they had located their number one grossing store in the entire region in that place where they don't do lattes. That store held the title for a while, and over 12 locations later in Chula Vista alone, they like many others know, we here in Chula Vista definitely do lattes and a whole lot more.

So, speaking of what we do, at the end of last year after four years of hard work and unprecedented public outreach, we adopted an update to our General Plan to lay out our community's new vision for the future. The General Plan is the City's long-term strategy to address planning issues, future growth and development for the 21<sup>st</sup> century. With the public's input, we put together a General Plan Update that serves as a roadmap to continued progress and prosperity for the next 25 years. The plan update was the first comprehensive update since 1989.

At a time when we see cities in our region struggling with serious and unprecedented financial problems, it is natural for citizens and media alike to more closely inquire about the financial health of our own city. There is also of

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course the added factor of a political season in which such serious matters can be portrayed in either an overly optimistic or overly dark and dreary manner.

My obligation as your mayor is to report to you the facts and realities regarding our financial condition, to outline our strengths and candidly describe any weaknesses. While we must always be prepared and be cautious, our city is in solid financial shape. Because of sound budget practices we have endured the loss of revenues from the state that other communities could not.

We can all be proud of our City's fiscal fitness. The City Council's General Fund minimum reserve level policy of 8%, which became effective in 1996, was established to protect the City's fiscal solvency. Our current balanced budget maintains that standard. Although the reserve levels are not the double digits we enjoyed a few years ago, they did what they were designed to do. The City's General Fund reserves placed Chula Vista in the enviable position to withstand the State's revenue cuts during fiscal years 2005 and 2006. This provided us with the opportunity to reinvest back into the community, helping to provide the improvements, amenities and services our citizens deserve and expect.

We were also able to keep our commitment to the idea that our employees are our most important resource. Our agreements with our employee organizations keep us competitive in the labor market to draw the highest quality workers to Chula Vista. These agreements run through the year 2010 with all organized labor

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unions serving the City, ensuring long-term stability both financially and operationally.

We can maintain this stability because of our outstanding finance and budget staff. Their work has lead to positive independent audit reports in recent years as well as significant recognition. We're very proud to report that the City has earned the Government Finance Officers' Association Award every year since the year 2000, and we've won the California Municipal Finance Officers' Association Award every year since 2001.

Our 2007 budget includes the 21 new positions in our Police Department and 10 new positions in the Fire Department added in just the last 10 months. Two-thirds of our discretionary revenues will be allocated to Police and Fire services. In addition, annual Public Employee Retirement System contributions will be fully funded, and the cost of running three new recreation centers at Salt Creek Park, Veteran's Park, and here at Monteville Park, will also be funded through 2007.

Despite this financial health, your City Council remains committed as always, to being ahead of the curve. At this year's budget adoption, direction was given to staff to prepare contingency budget adjustments for mid-year, in the event changes in the economy impact our revenues. Our staff is preparing those plans, which will allow us to tighten our belts if necessary to maintain balanced budgets and protect services.

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Most cities would be thrilled to have just one of the major development projects we're involved with this year. For instance, when our Bayfront project is completed, I'm confident that Chula Vista will be on the short list of top-notch coastal city convention destinations, something that would have been unbelievable just a few years ago. And we're well on our way. After a year of negotiations, the City and the Port of San Diego signed an agreement with Gaylord Entertainment, one of the nation's premier hotel developers, to start work toward a partnership which will bring a spectacular resort hotel and convention center that includes over 400,000 square feet of convention space, up to 2,000 hotel rooms and approximately 60,000 feet of retail and restaurant space. Gaylord plans to make our Bayfront resort hotel their west coast flagship property. This will give us one of the most impressive waterfronts anywhere. The newly developed Bayfront will pump \$1.3 billion into the region's economy with \$733 million concentrated right here in our city. Gaylord's Chula Vista interests will attract more than half a million visitors a year and create jobs for more than 2,000 people.

Our success on the bay front reflects our commitment to taking the right approach. We've brought together Port and City staff and policymakers, the business and environmental communities, residents and skilled labor to reach consensus on our land use plan and goals for the bay front. We arrived at a preferred land use plan that protects environmental habitat and resources on our

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bay, the key to creating a Bayfront that will serve the City, attract visitors, and remain viable for our children and grandchildren to enjoy.

Our consensus land use plan for the bay front will provide our citizens with more parkland and open space than all Port tidelands in the San Diego Port District combined. The new Bayfront will be the kind of place you'll want to show off to out of town visitors, and the kind of place where you can at long last spend the day with your family and enjoy more access to the bay.

Speaking of a commitment to our environment, Chula Vista continues to be a leader among local governments when it comes to sound use of land, resources and securing cleaner energy options for our city. Chula Vista was the first city in California to add an "Environmental Justice" component its General Plan. What this means is we will strive to plan in a manner, which considers our health. This ensures that we do not recreate the health problems that bad planning has caused in the past. We will be committed to not planning and locating homes and schools near waste dumps, too close to freeways, and industrial plants, where people can inhale toxins which degrade their health. Our children in Chula Vista are hospitalized for asthma at a 20% higher rate than the county average. We intend to do our part as a city to reverse this trend. We are committed to balancing environmental concerns with our development goals.



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Last year, I spoke to you of the just concluded negotiations with SDG&E, which would lead to the eventual under-grounding of the power lines that now dominate our waterfront skyline. I am pleased to report that this year the City Council took action to establish a Bayfront Utility Underground District, and the necessary permits have been issued. The purpose of the district is to clear the way for SDG&E to underground the transmission lines and supporting tower structures that line the City's waterfront. By 2008 there should be no more ugly towers blocking our gorgeous Bayfront views.

Speaking of energy, we must continue our regional and statewide leadership in advocating for sound energy policy and choices for our consumers. Together we have fought hard to take action at the local level to produce opportunities for lower energy costs, more choice and the ability to encourage the use of more renewable energy sources.

Our state has endured rolling blackouts and some of the highest energy costs. The crafters of deregulation promised more competition and lower energy costs and instead gave us one of the most expensive debacles in state history.

Chula Vistans pay more than \$120 million a year on energy. In the last few years we have pursued options to reduce costs, like Community Choice Aggregation. This program will soon have completed rules set down by the California Public Utilities Commission, rules we in Chula Vista testified to on behalf of cities

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statewide. This program has the possible potential to allow local jurisdictions and ratepayers to buy power in bulk at the wholesale level and eliminate a middleman, lowering costs.

The jury is still out as to whether or not we can achieve savings for our ratepayers, but we need to identify possible grant funding to take us to the next step in evaluating this important option. No matter the results, we will continue to advocate strongly for lower energy costs for our residents and businesses.

This past year the Chula Vista Redevelopment Corporation Board of Directors was seated. The Redevelopment Advisory Committee composed of citizens and community organizations was established and are electing their representatives, and a new process for quality public participation in redevelopment decisions was established. In May, the board signed preliminary agreements with three new partners who have joined the revitalization efforts. Lennar/Intergulf, Public, and Douglas Wilson companies have each signed Exclusive Negotiating Agreements for three different sites in the Urban Core area. The three areas include a six-acre site that could be used for mixed use residential, office and possible hospitality uses, and two other smaller parcels that are slated for low-rise residential.

Soon our City Council will consider the draft Urban Core Specific Plan, a detailed blueprint for west side revitalization created with many hours of public input and discussion.

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As we take these next important steps, we must be wise and learn and benefit from our experiences. As the old saying goes, you really can't understand where you are going, unless you know and respect where you have been.

I point these facts out in order to emphasize that we must build trust with our community, and in order to successfully revitalize our urban core. Seeking consensus and trust is where we have succeeded in moving our city forward.

As we approach consideration of the Urban Core Specific Plan, a case on point that there still remains some disagreement in our community are the differences on issues between merchants, property owners and surrounding residents near the Third Avenue Village district. I believe the disagreements are few, surrounding issues of building height in limited locations, parking standards and historic preservation. The distance between the points of view is not great. However, as your Mayor, I would like to build the greatest degree of community consensus possible by the time our City Council considers this plan, because I believe it will enhance our ability to achieve success. I do not suggest we will or should expect agreement from all parties on all issues. But if general consensus is possible on the most critical issues to be considered, it is worth the work.

Therefore, I can report to you and the City Council, that I have offered to facilitate a working session among community organizations and their representatives in an effort to see if greater community consensus on the few but

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important outstanding issues can be achieved. I am convinced, we can encourage investment and still respect the character of our downtown core, we just have to be determined to get there.

This past June, our citizens overwhelmingly passed Proposition C, in which they signaled their desire to constrain the use of eminent domain by government.

While our city has rarely if ever invoked this power, it is understandable in light of recent Supreme Court rulings, that many are concerned with protecting their homes and livelihoods. In more than 90% of the cases, the use of eminent domain is not necessary to succeed in achieving redevelopment goals. Although I expressed concern with the language of this proposition which I felt should have been addressed – I want to state clearly: The people of our city have spoken, and Prop C is now the law. As the Mayor, I will protect the wishes of our citizens and Prop C.

Speaking of the voices of our citizens, I want to express my support for the residents of Jade Bay Mobile Home Park. I know I speak for all my colleagues when I say that our many years of work together on the General Plan Update and the Urban Core Specific Plan, have been borne of a desire to see a renewal and betterment of our community. I know we all support our local ordinances, which require fair treatment of residents and just compensation at insured values for residents if and when conversions of parks take place.

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The process occurring there now is in my opinion, designed to avoid doing what would otherwise be required and certainly what is right. In our renewal efforts for downtown, we want to encourage new investment and progress. But we also do not wish to see senior citizens, many on fixed incomes – thrown out of the only homes they have known and onto the streets. I want our plans to be an incentive to do what is right, not to victimize our citizens.

When the Urban Core Specific Plan is before the Council for consideration, I will support staff's recommendation to retain Mobile Home Park Zoning for parks there and city-wide, and recommend the council then consider at a future date, a new amendment to our General Plan, for the same. We must as a city be determined to assure when parks are someday converted for more profitable use, that our residents in them are treated properly, and the city is in a position to help require it.

Speaking of determination, this past year the work we did together to secure a research component for our University Park and Research Center concept took a giant leap forward.

Many of us here tonight are parents and we know that education is more than ever the key to our children's future. As you know, in the last few years the City Council has worked hard to advance the University Park and Research Center.

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Just this year, Chula Vista was selected as the North American site for the National Energy Center for Sustainable Communities, and such a center can be a catalyst that propels our University Center into reality.

The center is a collaboration of the City, the U.S. Department of Energy, the Center for Energy Studies at San Diego State University, the prestigious Gas Technology Institute located in Chicago, and the California Energy Commission. The Energy Center will someday help cities around the world improve the way we use energy and reduce our impact on the environment. Following two years of intense competition, Chula Vista was chosen as the site for the new Energy Center over several other larger cities, including Boston. Reasons cited for our selection were Chula Vista's commitment to the environment, our intelligent approach to planning and growth, and our willingness to lead the state as well as the country in innovative energy policy.

We celebrate this year the addition of an unprecedented amount of open space with the addition of eight new city parks including: Veterans, Salt Creek, Monteville, Mountain Hawk, Harborside, Mount Miguel, Winding Walk, and Horizon. Harborside Park is the first new park to open on the west side in 25 years. And as you know, here at Monteville Park we have incorporated universal play equipment that's accessible to children with disabilities. In addition, we've opened three new recreation centers at Veteran's Park, Salt Creek Park, and here at Monteville Park as well as a new fitness center at Norman Park.

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As we continue to add the amenities and services you deserve and expect, we remain vigilant in our duty to make your safety and security our continuing number one priority. Just yesterday marked the fifth anniversary of the 9/11 terrorists attacks on the United States. Many times it takes the worst events to remind us we should never take for granted nor fail to support our men and women in public safety. From our police officers to our firefighters, paramedics and Emergency Medical Technicians, we continue to work to provide the adequate personnel, equipment and training to assure we meet our daily needs as well as our needs in time of crisis, natural or man-made.

For the first time in many years, our sworn police department is at full staffing levels. We must make a commitment in the future however, to add not just what is required to meet demands, but to go beyond so we are able to maintain a high and visible presence of public safety in our city. We should set a goal toward achieving a higher public safety staffing per capita than the regional average, in order to better prevent public safety problems before they begin.

Not only are our streets safer this year, many are also in much better condition. We know we have much to do, but to date we've resurfaced over 15 million square feet of streets and roads this past year. Plus, road improvements to ease traffic flow, which were beginning or under construction last year, are now complete. The I-805/Olympic Parkway/Orange Avenue interchange as well as at the I-805/E. H Street northbound on-ramp, are among these. And now you can

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safely cross over Olympic Parkway's six lanes on the recently opened pedestrian bridge that provides access to Otay Ranch High School. You'll also be seeing less graffiti around the City. We now have a new Graffiti Eradication Van, the first of its kind in the region. The van gives city crews the ability to match paint colors as they encounter graffiti. The new equipment matches colors so perfectly that, once the process is completed, the graffiti is virtually undetectable. We are committed to keeping full time and well-equipped staff to confront graffiti.

The City Council and I have worked hard this past year to bring to Chula Vista the types of improvements and amenities you would expect from a progressive city like ours. We've covered many of the weighty issues, typical of an annual report on the state of our city, speaking of crime and safety, streets, parks and roadways and our budget. Many times however, citizens measure progress and success in a community by the identifiable, tangible amenities they seek to have conveniently located near their homes. While these issues may not rise to the level of bond ratings or homeland security, they compose those smaller, enjoyable luxuries we enjoy and identify with. As my now eleven year old daughter Ashleigh reminds me, "It's the shopping, Dad." Boy, am I in trouble.

So, speaking of shopping...

Significant additions to our community either already open, under construction, or scheduled to open in the coming weeks include the Otay Ranch Town Center,



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EastLake Design District and the Village Walk at EastLake. Now you won't have to leave Chula Vista to find quality shopping. The 900,000 square foot Otay Ranch Town Center will rival any shopping mall in San Diego County and is projected to open in October of this year, just in time for the holiday season. Unlike traditional shopping malls, the Otay Ranch Town Center is defined as a "lifestyle" center – an open-air, pedestrian-oriented shopping experience. At the risk of some shameless corporate plugging, I must confess we are excited to know some of the tenants include an AMC Theater complex, Barnes and Nobel, Macy's, and Eddie Bauer. And if shopping makes you hungry, P.F. Chang's and the Cheesecake Factory will make their Chula Vista debut. You can bet that this new center will attract shoppers from throughout our city and the region.

Additionally, construction has begun on the EastLake Village Walk, an upscale boutique-style commercial center styled in a Tuscan theme that will be opening next year and feature yes - Trader Joe's and Border's bookstore. This community has waited a long time for a Trader Joe's and now it's finally here. And famed San Diego restaurant owner Joe Busalacchi will be opening the Via Lago Trattoria at the EastLake Village walk, his first Chula Vista location.

And Chula Vistans no longer need to drive up to Miramar or North County to find quality home improvement stores. The new EastLake Design Center has been open for eight months and boasts several upscale businesses geared to home remodeling and home furnishings.

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At this time of year, there may be those who claim our future is bleak, and the condition of our city and its government resembles something more like our larger neighbor to the north. My obligation is to report to you the state of our affairs, celebrating our successes, and pointing out our challenges. In the future, we must plan for changes in our economy and keep our spending plans flexible. We must never forget that building consensus through collaboration is the key to completing large projects and grand plans. We must be sure the fragile coalition of divergent interests we have brought together to make our bay front dreams viable, must not be undone. We must make a commitment to support citizen action, including bona fide neighborhood planning groups and organizations, which increase the voice of our constituents in our affairs. We must not deride these ideas as a “balkanization” of our city. After all, the city belongs to its citizens.

My fellow citizens, the state of our fine city is good, very good. And well on the way to great. Significant current and potential investors like Gaylord Entertainment and even the San Diego Chargers are noticing Chula Vista, because we have demonstrated we are a city on the move. We are being noticed, and finally getting some of that respect which together we have earned.

On a personal note, despite a difficult year for my family and I, I try to remind myself each day I have many more blessings than burdens. I try to teach this approach to my daughter Ashleigh. And every time I prepare for the State of the

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City address, I try to approach it as I do the course of our public business: with hope, excitement and expectation for our city.

Tonight I can look back upon the past year and see the great expanse of our achievements. And before me I can see even greater and grander frontiers of possibility for Chula Vista. We should all feel grateful yet humbled by our present progress and prosperity. And we should all be filled with awe and joy at the prospects for our future. If we continue to work together, there is nothing that can stop the great City of Chula Vista.

Thank you. God bless you, and goodnight.